



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 15, 1997

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**JUSTICE DEPARTMENT APPROVES OUTDOOR SYSTEMS INC.'S
ACQUISITION OF 3M'S SUBSIDIARY, NATIONAL ADVERTISING**

**Major Divestiture of National Advertising's Outdoor
Assets Required to Close \$1 Billion Deal**

WASHINGTON, D.C.-- The Justice Department approved Outdoor Systems Inc.'s acquisition of 3M's subsidiary, National Advertising Company, after Outdoor Systems agreed to sell off billboards in 10 metropolitan areas.

Without the divestiture, the original transaction would have allowed Outdoor Systems' market shares to soar above 50 percent in many markets, limiting advertisers to only one remaining major billboard provider as an alternative to the merged company, the Department said.

"The divestiture will insure that advertisers have viable choices for their billboard advertising needs," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division.

Outdoor Systems must sell all of National Advertising's outdoor advertising assets in eight key areas: Phoenix; Sacramento, California; New Orleans; Louisville, Kentucky; Denver; Detroit; Kansas City, Missouri; and Grand Rapids, Michigan. The company must also sell almost all of National

Advertising's assets in Atlanta, and half of its assets in Houston.

The original transaction, valued at about \$1 billion, involved billboard and other out of home advertising operations in more than 40 major metropolitan markets.

The divestiture package, worth more than \$100 million, was developed following an antitrust investigation of more than 20 major billboard advertising markets where there was competitive overlap. Because of the divestiture, the Department's concerns about the substantial reduction in competition and highly concentrated markets were alleviated.

Almost all of National Advertising's inventory in 10 cities will be sold to the Lamar Advertising Company. Lamar is a national billboard company with annual revenues of \$119 million that services small to mid-size markets. The transaction will expand Lamar's presence, making it a sizeable competitor in nine major metropolitan markets.

In addition, in Kansas City a number of National Advertising's billboards will be sold to Colorado Outdoor, a small outdoor advertising company with operations in Denver.

Klein said that the Department continues to recognize the unique characteristics of billboard advertising when compared to other advertising media and will act to preserve competition in this market as industry consolidation proceeds.

Billboards--the large freestanding off-premise advertising signs--are used by marketers to promote and reinforce messages to thousands of automobile commuters as they pass the signs each day. Advertisers also use billboards to target the often

unreachable active lifestyle consumer while they are away from home. Billboards are often the most cost-effective visual way to communicate with this valuable target audience.

Outdoor Systems, headquartered in New York City, is the nation's largest outdoor advertising company with annual sales of approximately \$200 million. Its out-of-home advertising operations include poster and bus shelter advertising.

National Advertising Company, a subsidiary of the Phoenix-based 3M Corp. (Minnesota, Mining and Manufacturing), is the number three provider of outdoor advertising in the U.S., with annual sales of \$200 million.

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